

The complaint

Ms C complains that Monzo Bank Ltd (Monzo) won't refund the money she lost when unrecognised transactions were made on her account.

What happened

What Ms C says

Ms C says that on 7 December 2020 she received a text message about a pending tax rebate which included a link to the calculation. She clicked on the link but didn't enter any details. Then on 9 December she received a call from someone who said they were from the fraud department of another bank she holds an account with. The caller asked Ms C a security question she didn't recognise from previous calls (one digit from her date of birth) and so she terminated the call without providing any personal information.

Soon after, Ms C contacted the other bank to say she'd received the call from someone impersonating the other bank. While she was on the call she logged into her account and found funds had been moved from her savings account at that other bank to her current account and then onto her Monzo account. During the call, Ms C also received a notification in her Monzo app to say that funds had been transferred in, but Ms C says she hadn't moved the funds. She ended the call with the other bank and tried to call Monzo. As she was unable to get a response Ms C used the chat function to contact Monzo.

Ms C notes that she hadn't used her Monzo account since July 2020. Then on 9 December 2020 a third party moved her funds from an account with another bank to her Monzo account and then made two transfers to separate new payees for £800 and £700. Ms C disputes the payments and thinks Monzo should refund them. Ms C also says she'd like to get to the bottom of what happened because the matter has shaken her trust in the banking sector, and she does not want it to happen again.

Ms C called Monzo on 10 December 2020 and says at this stage her account was frozen.

What Monzo says

Monzo hasn't refunded the faster payments totalling £1,500 Ms C disputes. In summary, Monzo said:

- It has reason to believe the payments aren't fraudulent and weren't made by a third party. The payments were made from Ms C's account using her registered device and no other devices gained access to the account. The payments were faster payments, and these require the account PIN to complete the payment.
- If Ms C made the payments herself as part of a scam it can review her case under a separate process.
- Ms C said Monzo didn't flag the payments, but it sent warnings at the time the payments were made.
- Although Ms C says her account wasn't frozen until several days after she reported the disputed transactions this wasn't the case. When Ms C submitted a dispute form on 9 December 2020 the account was frozen, and no further payments could be made.

- The two payments were made at 17.42 and 17.54. Monzo received a call from Ms C's mobile number at 18.15. The caller was female and passed security. The caller wanted to authorise the £800 payment and Monzo confirmed the payment had been sent successfully and received by the payee. The caller also checked that a £700 payment had been sent. At 19.06 Ms C completed a fraud report, her card was frozen, and a fraud investigation started. Monzo then received a further call on 10 December in which Ms C said she didn't transfer funds to her Monzo account or make the two transfers.
- Monzo accepts it closed Ms C's account in error on 11 December and didn't resolve this for four days and there were some delays in providing responses in the chat. It has credited Ms C's account with £75 in respect of the closure and £25 for the delays.

Our investigation so far

The investigator who considered Ms C's complaint didn't recommend that it be upheld. In summary, she concluded that Ms C authenticated and consented to the two payments. The payments were made from Ms C's mobile, which she says no-one else had access to, and Ms C used her personal banking details to log in and make the payments. Also, Ms C hasn't offered an explanation for how her banking information could have been compromised, other than that her phone might have been hacked. Given that a PIN was needed to complete the transactions this seemed to the investigator to be unlikely. The investigator was also satisfied that it was more likely than not that Ms C made the call to authorise the payments.

Although Ms C says she hasn't been scammed the investigator considered whether she should receive a refund under the CRM Code and decided she shouldn't. This was because Ms C didn't have a reasonable basis for believing the payments were genuine as she said she recognised the link wasn't genuine so didn't add details, and also terminated the call that was meant to be from another bank quickly.

Ms C didn't agree with the investigator. I have summarised below the main points her representative has made on her behalf:

- Monzo should have done more to prevent the payments from being made as they were unusual given previous account history. In particular, two payments were made to new payees in quick succession from an account with no previous withdrawals and both payments were higher value.
- No evidence has been provided to show Ms C logged into online banking or initiated the payments. And Monzo should provide evidence of how Ms C's account was hacked to prevent it happening again.
- Monzo's response time increased Ms C's loss when she struggled to communicate with it to freeze her account.
- A bank is responsible for unauthorised transactions in most circumstances.
- The other bank has refunded 50% of Ms C's losses so Ms C questioned why Monzo hasn't been asked to do the same.

The complaint has been passed to me to consider.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

And where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence.

Having done so, my review of the evidence has led me to the same overall conclusions as the investigator and for the same reasons. I'll explain why.

As the parties don't agree on what happened in this case, I've reviewed the evidence carefully and will set it out here. Monzo's records show that two payments were made from Ms C's Monzo account using her registered mobile and PIN. The payments were made at 17.42 (£800) and 17.54 (£700) on 9 December 2020. At 18.15 Monzo received a call from Ms C's mobile in which the caller said she needed a payment of £800 to be authorised and also asked if a payment of £700 had left the account. I recognise that Ms C has said she didn't make this call, but I'm satisfied that on the balance of probabilities she did. I say this because the call was made from her registered mobile and security questions were answered correctly. Also, whilst I'm not an expert, I believe the caller's voice was the same as in a call Ms C accepts she made the following day.

I've seen a screenshot that Ms C has provided which shows a one-minute call she says is the call from the person impersonating the other bank which she terminated quickly. But the call was at 18.07 – so after the payments had been made. The record also doesn't show which date the call was received.

At 19.06 on 9 December 2020 Ms C completed a Monzo fraud report in which she said, *"This is fraud. I was called earlier telling to transfer money from my [account with another bank] to my Monzo account and then to this payee. However, this is fraud as I have spoke to [other bank] and this wasn't them calling me to do it."*

The following day, on 10 December 2020, Ms C called Monzo. She said she'd been scammed and explained that someone unknown to her had moved funds from her account with another bank to her Monzo account and then made two payments. She said she had received a call from someone who said they were from the other bank, but she realised straight away from the security question asked that the caller wasn't from her bank and ended the call. Ms C said she didn't give away any personal details.

I've seen evidence that shows the disputed transactions were made from Ms C's own mobile device using the mobile banking App, which required the use of personal banking details to sign in. The mobile device was the only one registered to Ms C's account and had been in use for around a year before the disputed transactions were made. And Monzo says that to make a faster payment Ms C needed to provide her PIN – which is unique to Ms C.

Ms C says her mobile was in her possession and not left unattended and hasn't provided any evidence of how her account could have been compromised. There is also no evidence of remote access to her account. So, whilst Ms C is adamant that she didn't authorise the transactions from her Monzo account, the evidence doesn't support this conclusion. I'm satisfied from the evidence that Ms C authorised the payments from her Monzo account and that her account wasn't hacked.

Ms C says the bank she transferred funds from has considered her complaint as an authorised push payment (APP) scam and refunded 50% of her loss. She states this is factually incorrect as she didn't make the payments. If Ms C was persuaded to transfer funds to a fraudster as part of a scam her complaint would be considered under the Lending Standards Board Contingent Reimbursement Model CRM Code which requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances. It appears that this is how the other bank has considered Ms C's claim.

Given that Ms C says she didn't authorise the transactions, Monzo hasn't considered Ms C's claim under the CRM Code and so hasn't considered whether or not it should provide a refund under it. Monzo has said that it is willing to consider Ms C's claim if she believes she

made the payments herself as part of a scam. I consider Monzo acted reasonably in doing so. To consider a claim under the CRM Code more information would be required so I'm not making a finding under the Code here.

Ms C feels Monzo failed to protect her and should've identified that she was potentially the victim of fraud and prevented the payments from being made, but I don't agree. I consider the payments Ms C made were unremarkable so wouldn't have raised concerns with Monzo that Ms C was potentially the victim of fraud. I consider that Monzo acted reasonably in providing warnings at the time the payments were made but not going any further. There has to be a balance struck between Monzo identifying suspicious payments or account activity and ensuring there is minimal disruption to genuine and legitimate payments.

Ms C has suggested that if she'd been able to reach Monzo by phone on 9 December 2020 her losses could have been reduced. I'm not persuaded this is the case. I say this because it's clear from the call Ms C disputes she made on 9 December 2020 at 18.15 that funds had already left her account at that time. No further disputed funds left Ms C's account after this.

Monzo says it closed Ms C's account in error and it took four days to reopen it. It also says there were some delays in responding to Ms C in its chat. In recognition of the additional stress its mistakes caused at a difficult time for Ms C it has credited her account with £100 (£75 for the closure and £25 for delays). I consider Monzo has acted fairly and reasonably in doing so and make no further award.

I realise that Ms C is going to be very disappointed, but in the circumstances, I can't fairly ask Monzo to refund Ms C.

My final decision

For the reasons given, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 14 March 2022.

Jay Hadfield
Ombudsman